

ExHibits

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April 2, 2002

BY FEDERAL EXPRESS

David Mermelstein, Esq.
Trademark Trial and Appeal Board
South Tower Building
2900 Crystal Drive
Arlington, VA 22202



04-03-2002

U.S. Patent & TMO/TM Mail Rpt. Ct. #40

Re: Galleon S.A. v. Havana Club Holding, S.A.
Cancellation No.: 24,108

Dear Mr. Mermelstein:

I write to request that you call for and conduct an additional telephone conference including counsel for the petitioners in the above-referenced cancellation proceeding, William Golden of Kelley Drye & Warren LLP (212-808-7800). A conference is warranted to clarify respondents' obligations in connection with petitioners' recently filed motion to resume proceedings, to substitute parties and for summary judgment. (A copy of petitioners' motion is annexed hereto as Exhibit A.)

As detailed below, this proceeding had been suspended pending termination of federal litigation between the parties which directly concerned the validity of the registration challenged here. Petitioners recently filed a Petition for Review in the Federal Circuit from a decision of the Commissioner of Trademarks implementing an order entered under 15 U.S.C. §1119 in that litigation, and they seek from the Federal Circuit the identical relief as they seek in this cancellation proceeding. As a result, Board proceedings should not yet be resumed. Respondents request a decision denying or staying petitioners' motion to resume proceedings, or in the alternative, at least an order making clear that respondents are not obligated to respond to petitioners' motion to the extent it concerns substitution of parties and/or summary judgment.

The facts, law and history of this case, as you know, are very detailed and complex. Below please find what I hope you will believe to be a clear and simple summary of the relevant proceedings sufficient to put you in position to conduct the requested telephone conference, drawn almost entirely from court or PTO decisions or petitioners' own papers. I also provide you with exhibits for your convenience, though you may not need to refer to them in light of the summary below.

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A. U.S. Registration No. 1,031,651

U.S. Trademark Registration No. 1,031,651 (the "Registration") issued on January 27, 1976 to a Cuban company doing business as Cubaexport. In 1993, Cubaexport entered into an agreement providing for assignment of the Registration to respondent Havana Rum & Liquors, S.A. ("HRL") and then from HRL to respondent Havana Club Holding, S.A. ("HCH"). Those purported assignments were recorded with the PTO in 1994.

In 1996, HCH filed paperwork with the PTO to renew the Registration. The PTO accepted that paperwork and extended the term of the Registration through January 27, 2006.

B. This TTAB Proceeding

Petitioners instituted this cancellation proceeding in July 1995 and filed an amended petition for cancellation in August 1996. In the amended petition, petitioners alleged, *inter alia*, that the purported transfers of the Registration from Cubaexport to HRL and from HRL to HCH were assignments-in-gross and/or in violation of the Cuban Asset Control Regulations and, therefore, null and void *ab initio*. Petitioners further alleged that, because the assignments were void *ab initio*, the Registration in fact belonged to Cubaexport at all relevant times and that the Registration was subject to cancellation because it was renewed by HCH rather than Cubaexport.

C. The Federal Court Litigation / Suspension of this TTAB Proceeding

In December 1996, HCH and its licensee initiated a federal trademark infringement action against the petitioners in the United States District Court for the Southern District of New York. Petitioners filed counterclaims in that litigation through which they sought an order voiding the assignments of the Registration from Cubaexport to HRL and from HRL to HCH, and canceling the Registration on the ground that it was renewed by HCH rather than Cubaexport.

On March 17, 1997, the Board issued an order suspending this cancellation proceeding pending the final outcome of the civil litigation on the ground that the litigation was "based on the same grounds" as those at issue here. (A copy of the Board's suspension order is attached hereto as Exhibit B.)

By opinion dated August 8, 1997, the federal district court ruled, *inter alia*, that the assignments of the Registration from Cubaexport to HRL and from HRL to HCH were void *ab initio*. The court denied petitioners' counterclaim to cancel the Registration, expressly ruling that "all rights to the registration revert to Cubaexport." (A copy of the foregoing opinion is attached hereto as Exhibit C.)

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On October 20, 1997, the federal district court entered a partial judgment (the "Partial Judgment") which implemented the terms of the August 8, 1997. (A copy of the Partial Judgment is attached hereto as Exhibit D.) The Partial Judgment included a certification to the Commissioner of Patents and Trademarks (the "Commissioner") which, referencing Section 37 of the Lanham Act, 15 U.S.c. §1119, served as an order to the Commissioner to rectify the U.S. trademark register to reflect the court's decision invalidating the trademark assignments from Cubaexport to HRL and from HRL to HCH, and vesting Cubaexport with its initial trademark registration rights. (*Id.* at ¶11.)

Implementation of the Partial Judgment

On October 27, 2001, the Acting Director of the PTO issued an order directing the parties to the federal litigation to show cause why the records of the PTO should not be rectified pursuant to 15 U.S.C. §1119 to reflect the district court's order invalidating the assignments of the Registration. (A copy of the order is annexed hereto as Exhibit E.) Petitioners responded by filing a memorandum of law, a copy of which is annexed hereto as Exhibit F. Petitioners there argued that the district court's Partial Judgment required the PTO to invalidate the assignments, and to cancel the Registration because it was renewed by HCH rather than Cubaexport.

On January 15, 2002, Commissioner Anne H. Chasser issued a formal Notice carefully implementing the District Court's partial Judgment by invalidating the recorded assignments of the Registration from Cubaexport to HRL and from HRL to HCH. (A copy of the Notice is annexed hereto as Exhibit G.) The Commissioner denied Petitioners' request that the Registration should be canceled and, instead, in precise accordance with the district court's order, revised the PTO's records to reflect Cubaexport as owner of the Registration.

Petitioners' Appeal to the Federal Circuit

On March 15, 2002, Petitioners filed a Petition for Review with the United States Court of Appeals for the Federal Circuit, appealing from the Commissioner's decision which refused to cancel the Registration. (A copy of the Petition for Review is annexed hereto as Exhibit H.) Although the Petition for Review sought relief against the Commissioner in accordance with FRAP 15, the Petition is being treated by the Federal Circuit as an appeal from a decision issued in the federal litigation. (*See* the Federal Circuit's Notice of Docketing, a copy of which is annexed hereto as Exhibit I.)

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Petitioners Seek Cancellation of the Registration in the Federal Circuit and in the TTAB

Petitioners' appeal to the Federal Circuit asks for cancellation of the Registration on the ground that it was renewed by HCH rather than Cubaexport. Petitioners seek the identical relief on the identical grounds in this Board proceeding and, in particular, in their recently filed motion for summary judgment. There is no basis for having Petitioners' claim decided simultaneously in two separate forums. If the Federal Circuit grants Petitioners the relief they seek in that proceeding, there will be no need for the Board to reopen this proceeding or entertain Petitioners' motions.

In light of the ongoing Federal Circuit appeal which may render this Board proceeding moot, this proceeding should remain suspended. Respondents also should not be required to respond to Petitioners' motion to substitute parties and for summary judgment. Those motions of Petitioners, moreover, appear to have been made in contravention of the Board's order suspending this proceeding until the end of the federal court litigation; the Federal Circuit's docketing statement (Exhibit I) plainly conceives of Petitioners' Federal Circuit appeal as part of that litigation. Unless and until the proceeding is resumed, Petitioners should not be permitted to move for any relief.

For the reasons set forth above, Respondents request that a decision be issued during or following a telephone conference which will deny petitioners' motion to resume proceedings, or in the alternative at least make clear that respondents are not obligated to respond to petitioners' motion for substitution of parties and/or summary judgment because these proceedings are currently suspended in all respects.

I am available for the phone conference at your convenience. Thank you.

Sincerely yours,



Gregg Reed

Enclosure

cc: Albert Zervas, Esq.
William Golden, Esq. (Counsel for petitioners)